NCA
VOC FOR-IOP/FN
BACKGROUNDER NO. 1-0226
JOSEPH KUN

FEBRUARY 24, 1976

NORTH VIETNAM: SOVIET RECONSTRUCTION AID

ANNCR:

THE SOVIET UNION HAS STEPPED UP ECONOMIC AID TO NORTH VIETNAM IN WHAT IS SEEN BY FOREIGN OBSERVERS AS A LARGER MOVE TO INCREASE ITS PRESENCE IN SOUTHEAST ASIA. VOA'S JOSEPH KUN HAS THIS BACKGROUND REPORT.

VOICE:

OVER THE PAST DECADE THE SOVIET UNION SPENT THOUSANDS OF MILLIONS OF RUBLES IN SUPPORT OF HANOI'S MILITARY OPERATIONS IN SOUTH VIETNAM. NOW IT HAS BEEN CALLED UPON TO PLAY AN IMPORTANT ROLE IN NORTH VIETNAM'S POSTWAR ECONOMIC RECONSTRUCTION. DURING THE VISIT TO MOSCOW OF VIETNAMESE COMMUNIST PARTY SECRETARY LE DUAN LAST FALL, MOSCOW AGREED TO ASSIST IN THE RECONSTRUCTION OF INDUSTRIAL ENTERPRISES DAMAGED DURING THE WAR AND TO FINANCE THE CONSTRUCTION OF NEW PLANTS.

SPECIALISTS IN VIETNAMESE AFFAIRS ESTIMATE THAT THE NEW SOVIET AID COMMITMENT TO NORTH VIETNAM MAY RUN AS HIGH AS FIVE HUNDRED MILLION DOLLARS. THE JOINT COMMUNIQUE ISSUED DURING LE DUAN'S VISIT PROMISED INTEREST-FREE SOVIET CREDITS WITH WHICH THE VIETNAMESE WOULD PAY FOR SOVIET TECHNICAL ASSISTANCE AND INDUSTRIAL AND TRANSPORTATION EQUIPMENT CALLED FOR UNDER NORTH VIETNAM'S NEW FIVE YEAR PLAN, WHICH RUNS THROUGH 1980. HANOI, HAS ALSO BEEN PROMISED AID FROM SEVERAL EAST EUROPEAN COUNTRIES.

SOVIET AID EARMARKED FOR PROJECTS UNDER THE NEW ECONOMIC AGREEMENT, WHILE OF CONSIDERABLE MAGNITUDE, IS NONETHELESS ONLY A SMALL PART OF THE FOREIGN CAPITAL NORTH VIETNAM WILL NEED FOR ITS NEW FIVE YEAR PLAN. DOUGLAS PIKE -- A RESPECTED SCHOLAR IN VIETNAMESE AFFAIRS -- SAYS THAT TO FUND ITS ECONOMIC PLAN NOW ON THE DRAFTING BOARD, HANOI WILL NEED AT LEAST NINE THOUSAND MILLION DOLLARS OF CAPITAL. HE ALSO SAYS THAT, WHILE CHINA HAS IN THE PAST TEN YEARS PROVIDED NORTH VIETNAM WITH NEARLY THREE THOUSAND MILLION DOLLARS IN ECONOMIC ASSISTANCE, HANOI CANNOT EXPECT AID FROM PEKING IN THE AMOUNT THAT IT NEEDS.

THE NORTH VIETNAMESE FIVE YEAR PLAN STRESSES DEVELOPMENT OF A HEAVY INDUSTRIAL BASE IN THE NORTHERN PART OF THE COUNTRY. PRIORITY IS TO BE GIVEN TO THE ONSTRUCTION OF POWER PLANTS AND ENTERPRISES RELATED TO THE ENGINEERING, CHEMICAL AND COAL INDUSTRIES. THE LARGEST OF FORTY PROJECTS TO BE BUILT WITH SOVIET ASSISTANCE IS A ONE POINT SEVEN MILLION KILOWATT HYDRO-ELECTRIC POWER STATION AND A COAL MINE WITH A CAPACITY OF NEARLY TWO AND ONE HALF MILLION TONS PER YEAR. THE EW SOVIET-VIETNAMESE ECONOMIC AGREEMENT ALSO OFFERS SOVIET ASSISTANCE IN OIL AND NATURAL GAS EXPLORATION, AND IN AGRICULTURAL DEVELOPMENT.

THE SOVIET AID PROGRAM IS DESCRIBED BY FOREIGN BSERVERS AS NOT WITHOUT LONG-TERM POLITICAL SIGNIFICANCE IN SOUTHEAST ASIA. BY ASSISTING NORTH VIETNAM IN THE

DEVELOPMENT OF A MODERN, INDUSTRIAL BASE, THEY NOTE, MOSCOW WOULD BE CONTRIBUTING TO THE ESTABLISHMENT OF WHAT COULD BE THE FIRST INDUSTRIALIZED POWER IN THAT AREA. AND THEY PREDICT THAT THE MORE VISIBLE THE SOVIET PRESENCE IN HANOI BECOMES, THE GREATER WILL BE CHINESE SUSPICIOUS OF MOSCOW'S DESIGNS IN SOUTHEAST ASIA.

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